



**USF Board of Trustees
Audit & Compliance Committee
NOTES**

**Tuesday, February 12, 2019
Tampa Campus – Marshall Student Center Room# 3707**

I. Call to Order and Comments

The meeting of the Audit & Compliance Committee was called to order by Chair Nancy Watkins at 9:30am.

Committee members present: Nancy Watkins, Oscar Horton and Byron Shinn. A quorum was established. President Genshaft and Trustees Mike Carrere, Moneer Kheireddine, Brian Lamb, Deanna Michael, Hal Mullis, Les Muma, John Ramil, and Charles Tokarz were also present.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of August 27, 2018 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Watkins requested a motion for approval, it was seconded and the August 27th meeting notes were unanimously approved as written.

b. Acceptance of Performance Based Funding Data Integrity Audit & Approval of Data Integrity Certification

Virginia Kalil, Executive Director, USF System Audit, presented the results of the Performance-Based Funding Data Integrity Audit. This is the fifth year in conducting this audit pursuant to BOG request. The main objectives of the audit were to determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures; and to provide an objective basis of support for the President and BOT Chair to sign the representations included in the Data Integrity Certification. The audit scope was to identify and evaluate any material changes to the controls and processes in place during the prior audit period, including prior year recommendations, BOG data definition changes, and data element and/or file submission changes; and to update PBF risk assessment, including fraud risks, to identify areas for detailed testing. The audit verified any data resubmissions to the BOG were necessary and authorized; performed detailed testing related to files submitted to the BOG for Measures 1-9 (by tracing samples to systems of record and verifying reasonableness, accuracy, completeness, and consistency with BOG expectations); and verified proper supporting documentation for Measure 10. The overall conclusion of the audit was that there were no high risk issues and there was an adequate system of internal controls in place. Two recommendations (medium priority risks) for improvement are included in the Management

Letter. The recommendations are 1) management review over SFA (student financial aid) coding and file changes needed strengthening (this has been completed); and 2) identification of some repeated coursework within the student information system and courses to degree file requires improvement (this is in process). Both recommendations for improvement did not have an impact on the performance measures.

A new representation was added to the Data Integrity Certification - a 12th item as to the scope of work for the audit. This is a slight change for USF as our BOT Chair already approves the scope; just have to add the President.

A motion was made to accept the Performance-Based Funding Data Integrity Audit results and to approve the Data Integrity Certification. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. USF/DSO External Audit Findings

Fell Stubbs, University Treasurer, presented the University and DSO Outstanding External Audit Findings Report which describes audit findings and auditor recommendations, and management's responses and correction status. The University and DSOs will receive 15 audits from independent external auditors for the fiscal year ended June 30, 2018. Since June 30, 2018, 14 audits have been received, with no disclosed audit findings in the 5 University June 30, 2018 Audited Financial Statements; no audit findings in the 7 DSO June 30, 2018 Audited Financial Statements; and no findings in the USF Health and Education International Foundation's (related party of HPCC DSO) or the USF Health Support Services Organization June 30, 2018 Audited Financial Statements. One audit report has not yet been issued: State of Florida Federal Awards Audit (Formerly A-133) for fiscal year 2018. The Operational Audit of the University by the State Auditor General will not be issued for fiscal year 2018.

Of the eight previously disclosed external audit findings, all have been closed per management.

Mr. Stubbs also presented the Annual Compliance Certifications of DSOs. Each DSO and related entity under the control and direction of the BOT is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, as well as those detailed within National Association of College and University Business Officer's Advisory Report on the Sarbanes-Oxley Act of 2002. The Compliance Certification process is an important element of DSO oversight and governance.

All nine DSOs provided their Annual Compliance Certification Statements, signed by the DSO Chair, CEO and CFO, for the fiscal year ended June 30, 2018, consistent with the Annual Reporting Requirements for DSOs. There were no instances of non-compliance with the 20 requirements from five categories of compliance cited in the Annual Compliance Certification Statement.

b. USF System Compliance & Ethics Annual Report

Jeff Muir, Chief Compliance Officer, presented the USF System Compliance & Ethics

Program Annual Report for 2018. This report covers the period from January 1, 2018, to December 31, 2018. Compliance & Ethics Program (CEP) is responsible for the following:

- Form One Financial Disclosure
- Intercollegiate Athletics Document Review and GAP Analysis
- General Data Protection Regulation (complex law out of European Union)
- Compliance & Ethics Training for new employees system wide
- Higher Education Opportunity Act Oversight
- Florida Code of Ethics (eDisclose)
- EthicsPoint (anonymous hotline)

Mr. Muir reviewed the EthicsPoint reports for calendar year 2018. 98 unduplicated reports were received, which is consistent with recent reporting periods. Twenty-two percent of all reports were found to be “substantiated”, consistent with past reporting periods. HR and DIEO make up over half of the reports, also consistent with prior reporting. There were no surprises over the last 12 months and there was no significant financial fraud.

BOT Chair Lamb stated that the General Data Protection Regulation (GDPR) is a big issue. He asked if CEP has been looking at Athletics, Advancement, etc., to see if any of the marketing could be considered a solicitation. Mr. Muir responded that CEP is looking at this. This is very complex, as almost everything includes personal data. CEP is putting together an overall compliance plan and looking at where we need to implement notification and consent. Noting this is not a USF-specific issue, BOT Chair Lamb asked if this is a concern/issue for the BOG. Mr. Muir stated that SUS approaches to GDPR are varied and that he is advocating for a system-wide approach.

V. Adjournment

Chair Watkins stated that USF is now fully compliant with BOG regulation 4.003 relating to compliance (Audit and Compliance are to be separate) and we are getting great results (no audit findings; advocating for system-wide compliance). We are a model to be emulated. Chair Watkins thanked the BOG and BOT Chair Lamb for their leadership.

Having no further business, Chair Watkins adjourned the Audit & Compliance Committee meeting at 10:42am.